2-28-36.

TILLOTSON & COMPANY

(AN OHIO CORPORATION)

INVESTMENT SECURITIES

CLEVELAND OFFICE
TERMINAL TOWER BLDG.
MAIN 7060
L. D. 120
TELETYPE CLEV. 588

CINCINNATI OFFICE
UNION TRUST BLDG.
CHERRY 4122
TELETYPE CIN. 391

CLEVELAND PUBLIC LIBRARY
BUSINESS INF. BUR.
CORPORATION FILE

Weinberger Drug Stores

THIS MEMORANDUM CONCERNS AN OFFERING OF

STOCK OF

WEINBERGER DRUG STORES, INC.,

CLEVELAND, OHIO.

The accompanying information was furnished by officials of the Company and is the only source of information that can be used in offering the stock. Offerings of this block of stock are to be confined to the State of Ohio and made to bona fide residents of the State.

January 29, 1936

Tillotson & Company,
626 Terminal Tower,
Cleveland, Ohio.

Gentlemen:

Weinberger Drug Stores, Inc., was organized in October, 1928, under the laws of the State of Ohio to purchase the business established by Adolph Weinberger in 1926, then consisting of retail drug stores in Cleveland and Akron and a wholesale department located in Cleveland. In 1929 the Company established its own laboratory and manufacturing plant which has prepared many of the drugs, medicines and cosmetics sold by the Company.

The Company's authorized stock consists of 100,000 Common shares without par value, of which 75,633 shares are now outstanding, and subject to certain terms and conditions the Company has agreed to sell to Tillotson & Company and The Maynard H. Murch Company 4,367 shares, upon the issuance of which the Company will have outstanding an aggregate number of 80,000 shares. The proceeds of the 4,367 shares presently to be sold will provide additional working capital for the Company.

The Cleveland Trust Company is the Transfer Agent and Registrar of said stock.

The holders of the Common shares are entitled to receive out of the surplus or net profits of the Company applicable to dividends such dividends as may be declared by the Board of Directors, and are entitled to one vote for each share, but have no preemptive right to subscribe for or purchase additional shares or other securities issued by the Company.

In 1928 the Company was operating seven stores, six in Cleveland and one in Akron. This number has gradually increased to thirty. These thirty stores are located: 16 in Cleveland, 3 in Columbus, 2 in Youngstown, 2 in Canton, one each in Sandusky, Steubenville, Mansfield, Wooster and Warren, Ohio, and 2 in Pittsburgh, Pa. Those located in Columbus, Wooster, Canton, Warren and Steubenville are operated under the name of Gray Drug Stores. The remaining stores are operated as Weinberger Drug Stores, Inc.

The Board of Directors is composed of the following: Adolph Weinberger, President and founder of the business; Joseph Spivack, Vice President; Fred Hudlett and Mortimer Jacobs, both officials of the Company; Thomas H. Jones, of Messrs. Tolles, Hogsett & Ginn, Cleveland; E. G. Tillotson, President of Tillotson & Company, one of the companies participating in the purchase of the 4,367 shares currently sold, Cleveland; and L. J. Wolf, of Mandelbaum, Wolf and Company, Cleveland.

Consolidated sales and net earnings of Weinberger Drug Stores, Inc. and wholly owned subsidiaries (owned during all or a part of the periods shown) after all charges, including depreciation and Federal Taxes, for the five years 1931 to 1935, both inclusive, have been as follows:

Year ending Dec. 31	Net Sales	Net Profits	Net per Share*	Number of Stores
1931	$2,604,609.04	$100,482.36	$1.33	24
1932	2,547,356.68	87,892.43	1.16	26
1933	2,498,931.18	80,381.59	1.06	26
1934	3,201,662.86	125,644.32**	1.66	29
Six months ending				
June 30, 1935	1,790,809.06	57,586.72	.76	29
Dec. 31, 1935	2,186,509.19	87,385.67	1.15	30

* Based on 75,633 shares now outstanding.
** Before charges of $13,237 applicable to prior years.

For the past five years the Company has paid a cash dividend of one dollar per share per year and, in addition thereto, in the years 1931 and 1932 issued an aggregate of 5,633 shares as stock dividends.

The Company has leased for a term of fifteen years a two-story fireproof building at the southeast corner of Superior Avenue and East 24th Street, Cleveland. This building contains 57,000 square feet. The laboratory and a few of the departments of the warehouse have already been moved and it is expected that the general office of the Company and the rest of the warehouse departments will be in the new quarters before April 1, 1936.

The Company employs in its warehouse, office, stores and laboratory which is incorporated under the name of Superior Laboratories, Inc., more than 400 employees, many of whom are stockholders of the Company.

The Company has no outstanding unusual material contracts for the purchase of materials or supplies covering a period of time in excess of a year. There is no material law suit in which the Company is either a party plaintiff or defendant. There are no liens or encumbrances on any of the Company's property.

There is attached hereto a condensed balance sheet of the Company as of December 31, 1935 which accurately sets forth the conditions of the Company as of that date. There have been no changes in the assets or the liabilities of the Company since that date except those incident to the transaction of the Company's business in the ordinary course.

Very truly yours,

WEINBERGER DRUG STORES, INC.

(Signed) A. Weinberger

PROFIT AND LOSS SURPLUS
WEINBERGER DRUG STORES, INC. AND SUBSIDIARY CLEVELAND
FOR SIX MONTHS' PERIOD ENDED DECEMBER 31, 1935

BALANCE June 30, 1935			$213,946.13
ADDITIONS			
Summary of earnings for six months ended December 31, 1935:			
Gross Profit	$630,326.87		
Less: Selling, general and administrative expense	526,161.99		
OPERATING PROFIT	104,164.88		
Other deductions - net	2,429.21		
PROFIT BEFORE FEDERAL INCOME TAX	101,735.67		
Provision for federal income tax	14,350.00		
NET PROFIT		$87,385.67	
DEDUCTIONS			
Cash dividends declared:			
$.25 a share paid Oct. 1, 1935	18,901.25		
$.25 a share payable Jan. 2, 1936	18,901.25	37,802.50	
NET ADDITION			49,583.17
BALANCE DECEMBER 31, 1935 AS SHOWN BY ANNEXED BALANCE SHEET			263,529.30

CONDENSED BALANCE SHEET
WEINBERGER DRUG STORES, INC. AND SUBSIDIARY CLEVELAND
AS OF CLOSE OF BUSINESS DECEMBER 31, 1935

ASSETS			
CURRENT			
Cash on hand and on deposit		$149,462.01	
Scrip - issued by cities and counties in Ohio		5,440.00	
Customers' accounts receivable	$15,071.53		
Less: Reserve	1,494.20	13,577.33	
Ohio retail sales tax stamps		6,603.02	
Inventory		770,741.17	
Cash Surrender value of life insurance		12,055.25	$957,878.78
OTHER ASSETS			
Notes receivable - secured by Company's capital stock:			
Officer	3,750.00		
Employees	3,464.06	7,214.06	
Sundry deposits, personal and miscellaneous accounts receivable, etc:			
Officers	7,276.66		
Others	37,929.48	45,206.14	
Claims against closed banks	5,822.18		
Less: Reserve	3,288.96	2,533.22	54,953.42
PERMANENT (at cost)			
Furniture and fixtures	219,712.70		
Leasehold Improvements	96,361.04	316,073.74	
Less: Reserve for depreciation		130,280.73	185,793.01
PATENTS AND TRADEMARKS (nominal value)			1.00
DEFERRED			
Unexpired insurance premiums, deferred taxes, prepaid rent, etc.			13,393.68
			$1,212,019.89
LIABILITIES			
CURRENT			
Note payable to bank		50,000.00	
Accounts payable		193,183.48	
Accrued payroll		19,832.02	
Accrued taxes		25,922.14	
Dividend payable Jan. 2, 1936		18,901.25	
Provision for employees bonuses		11,200.00	319,038.89
RESERVE FOR CONTINGENCIES			1,500.00
NOMINAL			
Capital stock (without par value)			
Authorized 100,000 shares			
Outstanding 75,633 shares			
Stated capital		546,000.00	
Capital surplus	81,951.70		
Profit and loss surplus	263,529.30	345,481.00	891,481.00
			$1,212,019.89